

FINANCIAL REPORT
Audited
GARRISON FIRE DISTRICT
December 31, 2019

Audited for:
Board of Fire Commissioners
Garrison Fire District

Audited by:
RBT CPAs, LLP
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GARRISON FIRE DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Garrison Fire District
1616 Route 9
Garrison, NY 10524

Report on the Financial Statements

We have audited the accompanying financial statements of the Garrison Fire District, which comprise the balance sheet - modified accrual basis for each fund and account group as of December 31, 2019 and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Garrison Fire District as of December 31, 2019, and their respective results of operation and budgetary results for the year then ended, in conformity with the modified accrual basis of accounting described in Note I C.

Basis of Accounting

We draw attention to Note I C of the financial statements, which describes the basis of accounting. As described in Note I C to the financial statements, the financial statements are prepared on the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New York State. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note I H of the financial statements, the spread of the global pandemic, corona virus disease (COVID-19), subsequent to year end has created economic uncertainty.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Garrison Fire District's basic financial statements. The Management's Discussion and Analysis and Fire District Questionnaire are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management's Discussion and Analysis and Fire District Questionnaire have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated July 29, 2020, on our consideration of the Garrison Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Garrison Fire District's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of the Garrison Fire District and New York State and is not intended to be and should not be used by anyone other than these specified parties.

RBT CPAs, LLP

Newburgh, NY
July 29, 2020

GARRISON FIRE DISTRICT

SUPPLEMENTAL INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the Garrison Fire District's financial performance has been prepared to provide an overview of the District's financial activities for the fiscal year ended December 31, 2019. This discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Requests For Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Commissioners at the Garrison Fire District, 1616 Route 9, Garrison, NY 10524.

Financial Highlights

- As of the close of the current fiscal year, the Garrison Fire District's governmental funds reported an ending fund balance of \$252,868, an increase of \$124,908 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$136,196.
- Real Property taxes increased by \$15,868 in 2019.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Garrison Fire District's financial statements. The District's financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements. In addition to the financial statements, this report contains supplemental information which will enhance the reader's understanding of the Garrison Fire District.

Financial Statements

The statements consist of the Fund and Account Group Financial Statements. These statements focus on the activities of the individual parts of the District. There are three parts to the Fund Financial Statements: 1) the balance sheet, 2) the results of operation and changes in fund balance and 3) the budgetary comparison statement.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in these statements.

Financial Analysis of the Garrison Fire District Funds

The Garrison Fire District, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Municipal Law. All of the funds of the District are classified in two categories: governmental funds and fiduciary funds.

Governmental Funds: The focus of the Garrison Fire District's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Garrison Fire District's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Garrison Fire District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$136,196.

At December 31, 2019, the governmental funds of the Garrison Fire District reported a combined fund balance of \$252,868, an 97.61 percent increase over last year.

Fiduciary Funds: The District acts in an agency capacity for assets associated with the Length of Service Award Program ("LOSAP"). These assets are recorded in a separate fund because they cannot be used to finance District operations.

Budgetary Highlights

General Fund actual revenues exceeded budgeted revenues by \$36,151. The majority of this amount relates to insurance recoveries. General Fund actual expenditures were \$48,700 less than budgeted expenditures primarily due to less than expected equipment and capital outlay expenditures.

GARRISON FIRE DISTRICT

Capital Assets and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2019 totaled \$429,057. These assets include machinery and equipment.

CONDENSED FINANCIAL INFORMATION

	2019	2018
Balance Sheet Information:		
Current Assets	\$ 303,449	\$ 202,710
LOSAP Assets	\$ 862,611	\$ 741,920
Capital Assets	\$ 429,057	\$ 456,053
Current Liabilities	\$ 50,581	\$ 74,750
General Obligation Debt	\$ -	\$ 23,138
Fund Balances:		
Nonspendable	\$ -	\$ 5,461
Restricted	\$ 116,672	\$ 50,054
Assigned	\$ -	\$ 55,421
Unassigned	\$ 136,196	\$ 17,024
Statement of Operations:		
Revenue:		
Property Tax Revenue	\$ 787,170	\$ 771,302
Other Revenue	36,308	16,979
Total Revenue	<u>823,478</u>	<u>788,281</u>
Expenditures:		
Fire - Personal Service	8,000	8,000
Fire - Equipment and Capital Outlay	70,433	156,386
Fire - Contractual Expenditures	510,552	435,272
Local Pension Fund	64,333	41,574
Workers Compensation	19,028	28,404
Debt Principal - Installment Purchase	23,138	96,520
Other Expenditures	3,086	3,560
Total Expenditures	<u>698,570</u>	<u>769,716</u>
Change in Fund Balance	<u>\$ 124,908</u>	<u>\$ 18,565</u>

GARRISON FIRE DISTRICT

**BALANCE SHEET - MODIFIED ACCRUAL BASIS
ALL FUND TYPES AND ACCOUNT GROUPS**

As of December 31, 2019	Governmental Fund Type	Fiduciary Fund Type	Account Groups
ASSETS AND OTHER DEBITS	General	Agency	Non-Current Governmental Assets
Assets:			
Cash	\$ 186,777	\$ -	\$ -
Cash, Special Reserves	116,672	-	-
Service Award Program Assets (Note II A)	-	862,611	-
Capital Assets (Note II B)	-	-	429,057
Total Assets and Other Debits	\$ 303,449	\$ 862,611	\$ 429,057

LIABILITIES, FUND BALANCE AND OTHER CREDITS

Liabilities:			
Accounts Payable	\$ 50,162	\$ -	\$ -
Accrued Liabilities	419	-	-
Agency Liabilities	-	862,611	-
Total Liabilities	50,581	862,611	-
Fund Balance and Other Credits:			
Investment in Non-Current Government Assets	-	-	429,057
Restricted Fund Balance	116,672	-	-
Unassigned Fund Balance	136,196	-	-
Total Fund Balance and Other Credits	252,868	-	429,057
Total Liabilities, Fund Balance and Other Credits	\$ 303,449	\$ 862,611	\$ 429,057

See Notes to Financial Statements.

GARRISON FIRE DISTRICT

RESULTS OF OPERATION AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019	General
Revenues:	
Real Property Taxes	\$ 787,170
Interest and Earnings	303
Insurance Recoveries	36,005
Total Detail Revenues	823,478
Expenditures:	
Fire - Personal Service	8,000
Fire - Equipment and Capital Outlay	70,433
Fire - Contractual Expenditures	510,552
Local Pension Fund	64,333
Social Security - Employer Contributions	612
Workers Compensation	19,028
Life Insurance	2,474
Debt Principal - Installment Purchase	23,138
Total Detail Expenditures	698,570
Other Financing Sources/(Uses):	
Interfund Transfers In	66,561
Interfund Transfers Out	(66,561)
Total Detail Other Financing Sources/(Uses)	-
Changes in Fund Balance	124,908
Fund Balance - Beginning	127,960
Fund Balance - Ending	\$ 252,868

See Notes to Financial Statements.

GARRISON FIRE DISTRICT

BUDGETARY COMPARISON STATEMENT - MODIFIED ACCRUAL BASIS GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019	Budgeted Amounts	Actual Amounts Modified Accrual Basis	Variance with Budget
GENERAL			
Revenues:			
Real Property Taxes	\$ 787,170	\$ 787,170	\$ -
Interest and Earnings	100	246	146
Insurance Recoveries	-	36,005	36,005
Total Detail Revenues	787,270	823,421	36,151
Expenditures:			
Fire - Personal Service	9,100	8,000	1,100
Fire - Equipment and Capital Outlay	105,000	70,433	34,567
Fire - Contractual Expenditures	521,732	510,552	11,180
Local Pension Fund	55,100	64,333	(9,233)
Social Security - Employer Contributions	700	612	88
Workers Compensation	30,000	19,028	10,972
Life Insurance	2,500	2,474	26
Debt Principal - Installment Purchase	23,138	23,138	-
Total Detail Expenditures	747,270	698,570	48,700
Other Financing Uses:			
Interfund Transfers Out	(40,000)	(66,561)	(26,561)
Total Detail Other Financing Uses	(40,000)	(66,561)	(26,561)
Changes in Fund Balance	-	58,290	58,290
General Fund Balance - Beginning	77,906	77,906	-
General Fund Balance - Ending	\$ 77,906	\$ 136,196	\$ 58,290
RESERVE			
Revenues:			
Interest and Earnings	\$ -	\$ 57	\$ 57
Other Financing Sources:			
Interfund Transfers In	40,000	66,561	26,561
Total Detail Other Financing Sources	40,000	66,561	26,561
Changes in Fund Balance	40,000	66,618	26,618
Reserve Fund Balance - Beginning	50,054	50,054	-
Reserve Fund Balance - Ending	\$ 90,054	\$ 116,672	\$ 26,618

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Garrison Fire District (the "District") was established in 2016, and is governed by the general laws of the State of New York (the "State"). The Board of Fire Commissioners is the legislative body responsible for overall operations.

The notes to the financial statements are an integral part of the statements and are intended to be read with them.

A. ENTITY DEFINITION CRITERIA FOR FINANCIAL REPORTING PURPOSES

All activities and functions performed for the Garrison Fire District are its direct responsibility. No other organizations have been included or excluded from the reporting entity. The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management and accountability for fiscal matters.

B. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain types of functions or activities.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the District:

1. FUND TYPES:

- a. Governmental fund types - are those through which most general functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.
 - i. General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.
 - ii. Reserve Fund - The Reserve Fund is designed to segregate resources to provide for future contingencies and plan for major capital outlays, thereby reducing the need to rely on borrowing or outlays of current revenue to finance such events. For financial reporting purposes, the Reserve Fund is included in the General Fund.
- b. Fiduciary Fund Types - are used to account for assets held by the District in a trustee or custodial capacity.
 - i. Agency Fund - The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

2. ACCOUNT GROUPS:

Account groups are used to establish accounting control and accountability for non-current governmental assets and liabilities. The account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Non-Current Governmental Assets - This account group is established to account for the land, buildings, improvements and other equipment utilized by the District for general operating purposes.

Non-Current Governmental Liabilities - This account group is established to account for all long-term obligations of the District. It accounts for assets presently available for retirement of such indebtedness and the amount to be raised in future years to retire those debt obligations. The District does not currently use this account group.

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C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The financial statements were prepared on the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District annual financial report, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to when revenues, expenditures and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is the determination of what should be measured. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus.

This measurement focus means that only current assets and current liabilities are generally included on their balance sheets. Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Real property taxes are recognized as revenue during the corresponding tax year. The taxes are collected in full during the period earned; therefore, no receivable is necessary. Penalties and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Donated services are not reflected in this financial statement. The value of services performed by the volunteer firefighters has not been determined by the District.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which are recognized when due, and any service or payroll related taxes, fringes and benefits, which vest or accumulate, which are charged as an expenditure when paid or when they are to be paid with currently available resources.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current assets and liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type assets or liabilities. They are instead reported as assets in the Non-Current Governmental Assets Account Group or as liabilities in the Non-Current Governmental Liabilities Account Group. Amounts paid to acquire capital assets or retire long-term debt are recorded as expenditures in the governmental funds.

D. BUDGETARY DATA

The District's budget policies are as follows:

1. No later than 21 days prior to the third Tuesday in October, the District Treasurer submits a tentative budget to the Board of Fire Commissioners for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and estimated revenues as the means of financing for all funds.
2. After public hearings are conducted to obtain taxpayer comments, the governing body adopts the budget. Certified copies are filed with the tax roll coordinator no later than November 7th for purposes of preparing the tax levy.
3. All modifications of the budget must be approved by the Board of Fire Commissioners.

E. ASSETS, LIABILITIES AND FUND BALANCE

Cash:

Cash includes (1) cash on hand (2) cash in demand deposits and (3) other types of deposits and accounts that have the same characteristics as demand deposits (deposits or withdrawals may be made at any time without notice or penalty).

GARRISON FIRE DISTRICT

Garrison Fire District's investment policies are governed by State Statutes. In addition, the District has its own written investment policy. District monies shall be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks located within the State of New York. The Board of Fire Commissioners are authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit for all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its Municipalities and School Districts.

Deposits: All deposits are carried at cost plus accrued interest. FDIC insurance covers up to \$250,000 per depositor, per insured bank for cash in demand deposits and up to \$250,000 per depositor, per insured bank for cash in time deposits. Deposits with a bank balance of \$305,566 are categorized as follows to give an indication of the level of risk inherent therein at year-end.

Category 1 includes deposits that are insured by the FDIC. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or its agent in the District's name. Category 3 includes deposits uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the District's name.

	Bank Balance Categories			Totals
	1	2	3	
Cash and cash equivalents in banks	\$ 266,865	\$ 38,701	\$ -	\$ 305,566

Property Tax Receivables:

Real property taxes are collected by the Town of Philipstown (the "Town") and remitted to the District. No receivable is generated because the Town remits the entire amount due to the District during the tax year.

Capital Assets:

Acquisitions of land, capital facilities and equipment are recorded as expenditures in the various Governmental Funds at the time of purchase and are also recorded in the Non-Current Governmental Asset Account Group at cost. No depreciation has been recorded on capital assets.

Balance Classification:

The following is a brief description of the five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation. Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the District has classified the following reserve funds as restricted fund balances:

- a. The Equipment Reserve Fund includes reserve funds established for future acquisition of new equipment. The balance at the end of 2019 was \$30,026.
- b. The Building Reserve Fund includes reserve funds established for future repair of buildings. The balance at the end of 2019 was \$40,031.
- c. The Apparatus Reserve Fund includes reserve funds established for future acquisition of new equipment. The balance at the end of 2019 was \$46,615.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Board of Fire Commissioners) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

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Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

F. Pervasiveness of Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting described in Note I C requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Related Party Transactions

The District leases building space from the Garrison Fire Company. The total amount paid was \$25,469 in 2019. The District is also responsible for paying the mortgage on the Fire Company's buildings, and for debt payments on apparatus belonging to the Company. These payments were \$114,332 and \$23,138, respectively in 2019. The District has the option to pay the Fire Company or to pay the lienholders directly. The District elected to pay the lienholders in 2019.

H. Subsequent Events

The date to which events occurring after December 31, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is July 29, 2020, which is the date the financial statements were available to be issued.

II. Detailed Notes on All Funds and Account Groups

A. Length of Service Award Program

The information contained in this note is based on information for the Garrison Fire District Service Award Program for the plan year ended on December 31, 2019, which is the most recent program year for which complete information is available. Volunteer Firemen's Insurance Services ("VFIS") provided a valuation packet for the calendar year beginning January 1, 2020 for the purposes of completing the audit. Information from that report is contained within this footnote.

The Garrison Fire Company established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1996 for the active volunteer firefighter members of the Garrison Fire District. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Fire Company transferred the responsibility of the LOSAP program to the District on the District's effective date of establishment. The Garrison Fire District is the sponsor of the program and VFIS is the program administrator.

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participation, Vesting and Service Credit:

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 65. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Garrison Fire Company.

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Benefits:

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the volunteer under the point system after January 1, 2014, and \$10 per month prior to January 1, 2014. The maximum number of years of service credit a participant may earn is 40 years under the program.

Currently, there are no other forms of payment of a volunteer's earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the program trust fund.

For a complete explanation of the program, a copy of the program document is available from the Fire District Secretary.

Fiduciary Investment and Control:

After the end of each calendar year, the Fire Company prepares and certifies a list of names of all persons who were active volunteer members of the Fire Company during the year and indicates which volunteers earned fifty points. The certified list is delivered to the Board of Fire Commissioners for the Board's review and approval. The Fire Company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained VFIS to assist in the administration of the program. The services provided by VFIS are described in the following paragraphs.

Based on the certified calendar year volunteer firefighter listings, VFIS determines and certifies in writing to the Board of Fire Commissioners the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Board of Fire Commissioners then authorizes, in writing, the custodian of the Garrison Fire District Service Award Program trust funds to pay the service award. No service award benefit payment is made without the written certification from VFIS and the written directive from the authorized representative of the Board of Fire Commissioners.

VFIS bills the Garrison Fire District for the services it provides. VFIS' invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the District for payment. The District pays VFIS invoices from its General Fund.

Article 11-A requires that program assets be held in trust for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a trust document, a copy of which is available from the Fire District Secretary. The Board of Fire Commissioners is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Board of Fire Commissioners.

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Program Financial Condition:

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of December 31, 2019	\$	659,869
Total Net Assets Available for Benefits as of December 31, 2019	\$	862,611

Funding Methodology and Actuarial Assumptions:

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments 5.40%

Tables used for:

Withdrawal	None
Disability	None
Retirement	None
Death (Actives)	RP2000M>2030, RP2000F>2030
Death (Inactives)	None

For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: survive to the entitlement age; remain active and earn 50 points each year; and begin to be paid service awards upon attainment of the entitlement age.

Receipts and Disbursements

Plan Net Assets - Beginning	\$	741,920
Changes during the year		
Plan Contributions		64,333
Investment Income Earned (including accrued interest)		100,762
Expenses		(5,642)
Plan Benefit Withdrawals		<u>(38,762)</u>
Plan Net Assets - Ending	\$	<u>862,611</u>

Contributions

Amount of District's contribution recommended by actuary:	\$	52,193
Amount of District's actual contribution:	\$	64,333

Administrative Fees

Fees paid to administrative/actuarial services provider:	\$	2,140
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B. ASSETS

Capital Assets:

Property, Buildings and Equipment - A summary of changes in the general fixed assets during fiscal year 2019 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Machinery and Equipment	\$ 456,053	\$ -	\$ (26,996)	\$ 429,057
	\$ 456,053	\$ -	\$ (26,996)	\$ 429,057

GARRISON FIRE DISTRICT

C. LEASE COMMITMENTS

The District has a lease agreement with the Fire Company for use of buildings, which includes rent and the District's obligation for the Fire Company's mortgage through 2021. The lease includes terms, for automatic annual renewal at 110% of the rental rate, limited to two automatic renewals. The District is currently negotiating the renewal rate. The obligations of the District for the next five years are as follows:

2020	\$	140,310
2021		111,554
	\$	<u>251,864</u>

D. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District as of July 29, 2020, management believes that a material impact on the District's future operations is reasonably possible.

GARRISON FIRE DISTRICT

SUPPLEMENTARY INFORMATION FIRE DISTRICT QUESTIONNAIRE

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal year?	\$377,179
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters? If so, how are the LOSAP funds invested?	Y
Marketable Securities	Y
Annuities	N
Life Insurance	N
Other (describe)	
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Fire Commissioners
Garrison Fire District
1616 Route 9
Garrison, NY 10524

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Garrison Fire District, which comprise the balance sheet - modified accrual basis as of December 31, 2019, and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Garrison Fire District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Garrison Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Garrison Fire District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Garrison Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Governmental Auditing Standards* and which is described in the accompanying Schedule of Findings as item 19-1.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAS, LLP

Newburgh, NY
July 29, 2020

GARRISON FIRE DISTRICT

SCHEDULE OF FINDINGS

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

19-1 AUD Filing Requirement

Condition: The 2019 Annual Update Document ("AUD") was filed on June 6, 2020.

Criteria: Legislative requirements state that the District is to send its AUD to the Office of the State Comptroller within 60 days of year end.

Cause: The District was unable to file their AUD timely because the District's financial reporting lacks the necessary structure to facilitate the input of data from the accounting records to the reporting software.

Effect: The District was not in compliance with the legislative requirement.

Recommendation: We recommend that the District prepare the AUD according to the guidelines set by the Office of the State Comptroller and plan accordingly in order to meet filing deadlines in the future.

